

TACOMA SCHOOL DISTRICT No. 10
Pierce County, Washington
September 1, 1991 Through August 31, 1992

Schedule Of Findings

1. The District Should Maintain Adequate Time Distribution Records

During our audit we noted that the district charged employee payroll costs to the U.S. Department of Education ESEA Chapter 2 grant, CFDA 84.151, according to approved budget and personnel assignments, rather than actual time records.

The United States Office of Management and Budget (OMB) Circular A-87, Attachment B, Section B states in part:

. . . Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records

Without adequate supporting documentation, we were unable to evaluate whether the Chapter 2 grant program was appropriately charged for its share of payroll costs. This has resulted in questioned costs of \$27,146 for this program.

The Chapter 2 program personnel indicated they were unaware of the time and effort procedures used in other district grant programs.

We recommend the district use certified time reports for charges to federal programs. We also recommend the Chapter 2 coordinator compare budget to actual time reported by split funded staff and make adjustments as necessary.

2. Capital Projects Fund Expenditures Should Only Be For Allowable Purposes

We reviewed several reimbursements from the Capital Projects Fund to the General Fund for work which does not qualify as legal Capital Project Fund expenditures. Total reimbursements to the General Fund during the 1991-92 fiscal year were \$50,990, of which the entire amount is for maintenance rather than capital expenditures.

These expenditures are contrary to the *Accounting Manual For Public School Districts in The State of Washington*, Chapter IX, Section CPF, page 4 which states:

Capital outlay expenditures are those which result in the acquisition of fixed assets or additions to fixed assets. They include capital expenditures for land or existing buildings, improvements to grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial equipment.

This practice is not allowable and distorts the true costs of maintaining the district's facilities. Also, when maintenance costs are charged to the Capital Projects Fund the public does not receive the full benefit of excess levies and bonds voted for capital purposes.

These expenditures occurred because the district reserves a small amount of capital project moneys for small capital projects and does not have adequate procedures for selecting projects which qualify as valid capital project expenditures.

We recommend the General Fund reimburse the Capital Projects Fund \$50,995, and internal controls for capital projects be improved so that only proper costs are charged to the Capital Projects Fund.

3. Staff Mix Reporting Should Be Improved

Our review of staff mix reporting showed ten of fifteen certificated personnel files selected for review did not have adequate supporting documentation for the levels of education or years of experience as reported to the Superintendent of Public Instruction (SPI).

WAC 392-121-280 states in part:

School districts shall have documentation on file and available for review which substantiates each certificated employee's placement on the state-wide salary allocation schedule

Staff mix factors are an integral part of the state funding formula for school districts. If these factors are not accurately reported, SPI cannot distribute basic education funds in accordance with legislative intent and requirements.

The reports may be inaccurate because the district reports education and experience without verifying the data reported. Also, a complete review of all certificated personnel records by district human resources staff has yet to be performed. This allows for inaccurate information to be carried forward to the next report.

We recommend the district obtain adequate documentation of education and professional experience, review all certificated personnel records and make any necessary corrections. We also recommend the district's internal auditor consider a review of personnel records and the staff mix reporting system.

4. Internal Control Over Associated Student Body (ASB) Funds Needs Improvement

Our audit of the ASB Fund consisted of a review of the internal audit reports of the district's schools and related work papers for the 1991-92 school year. We also performed audit tests at two high schools and three middle schools. Many of the weaknesses we found during our visits have been identified in our previous audit reports.

The following weaknesses were noted:

a. All grade levels:

- (1) All fund raising activities are not being reconciled to expected sales and actual deposits.
- (2) Student store inventories are not performed regularly and actual deposits are not reconciled to purchases and expected sales.
- (3) Cash is not counted and receipted upon transfer from the activity advisor to the ASB secretary.
- (4) Deposits are not always made timely.
- (5) Checks are not endorsed upon receipt.
- (6) Safeguarding cash prior to deposit needs improvement in some schools.
- (7) Over and short accounts are not used to track irregularities in cash counts.

b. High Schools and Middle Schools:

- (1) Most schools are on full service vending machine contracts. The schools are not reviewing commissions distributed by the vendors.
- (2) Several of the schools had not turned in ASB financial reports since the beginning of the school year. The ASB advisors were unable to assist students in the financial planning necessary without these reports.

c. Middle Schools:

- (1) Pre-numbered tickets are not used for all events requiring paid admissions. This makes it difficult to reconcile deposits to moneys received.
- (2) Cash is not always deposited intact and mode of payment (cash vs. check) sometimes is not indicated on the receipt.

The weaknesses listed above increase the likelihood errors or irregularities will occur without being detected in the normal course of business. Also, the student bodies, for whom the ASB fund is in existence, may not receive the full benefit of their fund raising efforts.

These conditions continue to exist because schools and the personnel involved with ASB activities do not follow procedures outlined in the district's ASB Procedures Manual.

We recommend the district emphasize compliance with ASB procedures at the school level, maintain the internal audit function, and hold the principals responsible for all ASB

exceptions. We specifically recommend the district take steps to ensure the timely deposit of ASB funds.